

Climate Change Adaptation Research Grants Program

- Settlements and Infrastructure Projects

Project title:

Strata Title in a world of climate change: Managing greater uncertainty in forecasting and funding common property capital expenditure.

Principal investigators: Professor Chris Guilding

Lead organisation: Griffith University

Objectives:

1. Determine the manner and extent to which uncertainty is currently built into S&CT common property capital expenditure forecasts.
2. Determine to what extent Australian “sinking fund forecast” professionals and also S&CT insurance specialists are equipped and familiar with tools that can appropriately factor in uncertainty and greater flexibility when projecting S&CT common property capital expenditure.
3. Gauge the merit of taking a dual model approach when developing S&CT common property capital expenditure forecasts:
 - model 1: a forecast assuming a steady state environment and relatively predictable building and infrastructure aging and attrition;
 - model 2: a forecast of additional building expenditure arising due to a growing incidence of uncertain climate change induced building damage.
4. Explore the differential funding options and implications that would arise should a 2 model approach (or variant thereof) be taken in S&CT common property capital expenditure forecasting. Attention will also be directed to determining appropriate body corporate committee decision making powers as well as procedural controls required for efficacious governance over the release of funds in a context of increasing common property expenditures combined with a greater incidence of emergency expenditures.
5. Explore
 - (a) S&CT unit owners’ appreciation of climate change and its potential impact on building management demands, and
 - (b) the capacity of body corporate committees to implement managerial procedures and financing measures to effectively rectify randomly occurring climate change induced building damage.
6. Provide recommendations to legislators in connection with requisite legislation that facilitates and requires the owners’ executive of S&CT complexes’ maintenance of body corporate common property in a world of heightened randomly occurring climate change induced building damage.

Project design and methods:

Phase 1 (Research tool 1) – Project initiation, focus group workshop

Appointment of research fellow (subject to national advertisement, if required under DCC recruitment guidelines); initial focus group meeting/workshop with industry experts and academics to further refine focus (size and type of strata title complexes to be targeted in light of CC impact exposure, key questions to be addressed, gauging availability and accessibility of data, etc).

Phase 2 (Research tool 2) – Conduct of exploratory interviews, literature review

A series of semi-structured interviews conducted by at least one of the chief investigators together with the senior research fellow will be recorded and transcribed under Griffith University ethics approval. Interviewees will be selected based on recommendation of different stakeholder representatives and industry contacts available to the research team to ensure representation across jurisdictions and companies. Questionnaire expert (Dawne Lamminmaki) to be involved in the study’s early stages. Simultaneous conduct of an expanded literature review.

Phase 3 – Development of mail-out questionnaire survey (research tool 3)

The findings of the interview phase will inform the construction of a questionnaire that is designed to further the pursuit of all 6 objectives. Previous experience has demonstrated⁷ that S&CT stakeholders have a high propensity to complete S&CT focused survey questionnaires (so long as they are provided in a well designed and succinct form that promotes expeditious completion). Prior to distribution, the drafted questionnaire will be tested using a small number of S&CT strata managers and committee members in Qld, NSW and Vic.

Phase 4 – survey mail out and data entry

The survey will be administered to strata managers who have acquired a minimum of two years experience working with body corporate committees. The contact details of the strata managers will be secured from one of the project's consortium members (STRATAMAX). The questionnaire will be mailed to 2,400 body corporate committee members and approximately 400 matched strata managers (ratio of 6 to 1), with an anticipated response rate of 33%. Stratified sampling will be undertaken to ensure the involvement of a proportionally greater number of large complexes.

Phase 5 – analysis of questionnaire data and preparation of strata title expert manual and legislative report

This phase of the project will enable examination of contingency factors relating to the research objectives. In addition to furthering pursuit of the study's objectives, this phase of the study will examine the extent to which factors such as building size and the relative affluence of unit owners affects the body corporate committee's capacity to acquit their responsibilities during a time of increased randomly occurring climate change induced building damage.

Phase 6 – writing of peer reviewed journal publications, application for further funding (RHD study)

It is envisaged that three papers will emanate from the study: 1) an urban studies oriented paper targeted to an international property journal; 2) a financing oriented paper targeted to an international accounting journal, and 3) an environmentally oriented paper that targets an environmental management journal.